

**Minutes
State Board of Education
Monday, December 5, 2005**

The Arizona State Board of Education held its regular meeting at the East Valley Institute of Technology, 1601 West Main Street, Mesa, Arizona. The meeting was called to order at 9:00 AM.

Members Present

Mr. Jesse Ary
Ms. Nadine Mathis Basha
Dr. Matthew Diethelm
Ms. JoAnne Hilde
Superintendent Tom Horne
Ms. Joanne Kramer
Ms. Anita Mendoza
Dr. Karen Nicodemus
Ms. Cecilia Owen
Dr. John Pedicone

Members Absent

Dr. Michael Crow

PLEDGE OF ALLEGIANCE AND MOMENT OF SILENCE

1. APPROVAL OF MINUTES

A. October 24, 2005

Motion by Ms. Basha to approve the minutes as submitted. Seconded by Ms. Hilde. *Motion passes.*

2. BUSINESS REPORTS

A. President's Report

Dr. Diethelm reported that the Nominating Committee met as posted and are submitting the following recommendations for next year's officers:

Ms. JoAnne Hilde, President

Dr. Karen Nicodemus, Vice President

Dr. Diethelm noted that the official nominations/elections will be held at the January 2006 State Board meeting.

Dr. Diethelm announced that Ms. Nadine Mathis Basha has served more than one full term on the State Board, has been extremely active and will continue to serve in education-related activities, and that she is stepping down from the State Board. Ms. Basha was presented with a token of appreciation.

B. Superintendent's Report

Superintendent Horne also thanked Ms. Basha for her service.

Mr. Horne acknowledged the great job that EVIT is doing in preparing students for occupations and noted that these students also score better on AIMS.

C. Board Member Reports

There were no other reports at this time.

D. Director's Report, Including Discussion and Possible Legal Action

1. TAPBI Report

2. Other items as necessary

Mr. Vince Yanez, Executive Director, State Board of Education, updated the Board regarding the attached 2005 Technology Assisted Project-Based Instruction (TAPBI) Report, noting the following:

- The report was submitted as required by November 15, 2005
- The report includes data from each district and charter school approved by the State Board to offer online coursework
- State statute limits enrollment in online schools to an increase each year of not more than 100% of its enrollment
 - This is a problem for the Tempe and Deer Valley programs as these programs were in development and had no enrollment last year
 - This issue will likely be brought to the State Board at a later date

Mr. Yanez also addressed the direction given by the Board last month regarding the development and streamlining of all PPAC items and noted that this will be discussed at next week's PPAC meeting and will likely be presented to the State Board next month.

3. CONSENT ITEMS

- A. Consideration to Approve Contract Abstracts
 - 1. Family Literacy Programs
 - 2. Homeless Education Assistance
 - 3. STEPS to a Healthier Arizona
 - 4. Arizona Distance Education for Adult Learners
 - 5. Prevention and Intervention Programs For Children and Youth
 - 6. Arizona Youth Farm Loan Fund For Career and Technical Education
- B. Consideration to Accept the Proposed Consent Agreements For the Voluntary Surrender and Termination of the Charter Contracts for the Following Schools:
 - 1. Davis Education Center
 - 2. Hopi Jr/Sr High School
- C. Consideration to Approve Proposals for Training Programs Relating to Full Structured English Immersion Endorsements
- D. Consideration to Extend Conditional Board Approval for Institutions of Higher Education Professional Preparation Programs
- E. Consideration to Approve Request to Budget and Accumulate In the Unrestricted Capital Section for the Following Districts:
 - 1. Kayenta Unified School District
 - 2. Sacaton Elementary School District
- F. Consideration to Appoint Members to the Performance Based Compensation Task Force Pursuant to A.R.S. § 15-920.01
- G. Consideration to Accept the Voluntary Surrender of The Teaching Credentials for The Following Individuals:
 - 1. Cristobal Mendez, Case # C-2005-122
 - 2. Laura Hardy, Case # C-2005-123
- H. Consideration to Accept the Recommendations of the Professional Practices Advisory Committee and Approve Certification for the Following Individuals:
 - 1. DeAnne Boyce, Case # C-2005-109 R
 - 2. Cecilia Encinas, Case # C-2005-106 R
 - 3. Thomas Kubus, Case # C-2005-143 R

4. Alexandra Layman, Case # C-2005-111 R
5. Tracy Mathis, Case # C-2004-024 R
6. Ruben Miranda, Case # C-2005-182 R

Dr. Nicodemus requested that Items 3A and 3H3 be removed from the Consent Agenda for clarification and/or correction. Ms. Hilde requested that Item 3H5 be removed from the Consent Agenda for clarification and/or correction.

Motion by Ms. Basha to approve the consent agenda with the exceptions of Items 3A, 3H3, and 3H5. Seconded by Dr. Nicodemus. *Motion passes.*

Item 3A: Dr. Nicodemus abstained from voting on this item per legal advice and had no other questions pertaining to this item. Motion to approve Item 3A by Ms. Hilde and seconded by Ms. Basha. *Motion passes.*

Item 3H3: Dr. Nicodemus asked for clarification regarding the background information which indicated that Mr. Kubus holds a valid teaching certificate in Wisconsin but the materials submitted indicate the state of Washington.

Ms. Rachell Tucker, Chief Investigator, Investigative Unit, State Board of Education, indicated that Mr. Kubus holds a valid certificate in Wisconsin and Washington.

Motion by Dr. Nicodemus to accept the recommendation of the PPAC and grant Mr. Kubus' application for certification. Seconded by Dr. Pedicone. *Motion passes.*

Item 3H5: After a brief discussion it was determined that the question was not pertinent to this issue. Motion by Ms. Hilde to accept the recommendation of the PPAC and approve Tracy Mathis' application for certification. Seconded by Ms. Kramer. *Motion passes.*

4. CALL TO THE PUBLIC

There were no requests to speak at this time.

5. SPECIAL PRESENTATION: GRADUATION GOALS, CENTER FOR THE FUTURE OF ARIZONA

Dr. Sybil Francis, Executive Director, Center for the Future of Arizona, presented the goals of the Center for the Future of Arizona, via the PowerPoint Presentation included in the materials packet. Ms. Mendoza commended the Center for its efforts toward closing the achievement gap, of which the Hispanic population is in the majority of the demographic groups needing this assistance. She urged that the culture, social and economic areas need to be reached and applauded the list of endorsees whose outreach will continue to expand in these areas.

Dr. Nicodemus and Mr. Ary commended the ongoing work by the Center. Dr. Francis noted that they want to work within the State Board's process to request an endorsement and noted that they are working with the Morrison Institute with further findings coming out next year. Dr. Francis invited the State Board to endorse the goal of improving Arizona's high school graduation rate and invited the Board's engagement in the next steps in meeting their goals of:

- 12% increase in graduation rate by 2012
- Arizona graduation rate to be in the top 10 states by 2020

Ms. Hilde requested that this item be placed on the January 2006 agenda for action. Dr. Diethelm summarized that members very positively view the Center's work and would most likely want to give it their endorsement. He added that this will be on the January 2006 agenda for discussion and consideration, at which time a formal vote can be taken and the endorsement form could be signed. Superintendent Horne noted that in another two years, Arizona will be able to self-report its own statistics after a total of four years of data gathering. At that time, Arizona will in compliance with the National Governor's Association for its recommended form of reporting.

Dr. Pedicone asked that further details be available to members regarding the extensive process that this follows and the systematic approach to students' success which will be helpful to the Board in the decision-making process.

Dr. Diethelm expressed appreciation for the Center's work to close the achievement gap and improve education in Arizona.

6. GENERAL SESSION

- A. Discussion and Possible Action Regarding the Colorado City Unified School District Receivership Petition. Pursuant to A.R.S. §38-431.03 (A) (3) and (4), the Board May Vote to Go Into Executive Session for Consultation and Legal Advice and/or For Instructing the Board's Attorneys Regarding the Board's Position in Connection with this Matter.

Mr. Vince Yanez, Executive Director, State Board of Education, reminded members that legal counsel for the State Board in this matter is provided by Ms. Victoria Mangiapane, Esq., Assistant Attorney General, Arizona Solicitor General's Office, , who will be participating via telephone. Superintendent Horne recused himself as he is a petitioner in this case.

Motion by Dr. Nicodemus that the Board move into Executive Session for consultation and legal advice relative to the receivership of Colorado City USD. Seconded by Ms. Hilde. *Motion passes.*

The State Board went in Executive Session at 9:40AM.

Ms. Cecilia Owen arrived at 9:45AM.

The State Board re-convened at 10:14AM.

Mr. Terry Goddard, Arizona Attorney General, presented this item noting the following:

- Petition filed on August 12, 2005 on behalf of the Petitioners, Superintendent Horne and Mr. Vince Yanez, requesting that the Colorado City Unified School District be placed into receivership and that a receiver be appointed to manage the district
 - Authority for this petition is based on a new state law A.R.S. § 15-103 which was enacted by the State Legislature last year and went into effect on August 12, 2005, the date this petition was filed in order not to delay proceedings
- This law was enacted specifically to address a school district that gets into financial trouble due to:
 - Gross mismanagement of district finances, or
 - Insolvency
- Petitioners are prepared to go to a hearing on December 8 and 9, 2005, with 175 exhibits and 22 witnesses
- The petitioners and the district have reached an agreement in principal and fact, which, if accepted by the State Board, would put major points of the petition into place
- A Consent Order has been proposed and if adopted by the State Board would resolve the issues raised by the Petition
- This would be a large, first step in addressing the financial issues which have beset the Colorado City school district for some time
- The goal is to make sure tax dollars are devoted to the greatest possible extent in educating the district's children
- The basic terms of the agreement being proposed today are incorporated by the drafted Consent Order as follows:
 - The District shall immediately be placed into receivership
 - The receiver shall be appointed by the State Board
 - Simon Consulting has been recommended because of its background in serving as a receiver for entities such as this district when finances are seriously unstable and appear to be at or near a point of insolvency
 - There were three respondents to the RFP all of which are qualified and the final appointment is up to the State Board

- The District Superintendent and Business Manager will retire and resign no later than December 31, 2005 and will immediately upon agreement to the Consent Order be assigned to non-administrative duties and will no longer be authorized as signatories on any district accounts
 - These resignations are contingent upon the acceptance by the State Board
- The receiver shall immediately begin working on a detailed plan as to how the district will achieve financial solvency
 - The proposed order specifies that this be done in no more than 120 days
 - The Attorney General's Office urges that this be done much quicker
- The Receiver will make diligent efforts to reduce District operating expenses and maximize its assets including the divestiture of a certain airplane
 - This is the only school district at this time with its own airplane
- These terms have been negotiated in the belief that they accomplish the goals of the original petition
 - All parties have agreed to these terms in an effort to insure continuity of educational services in Colorado City and to avoid further expenditure of public monies in litigation
- The State Board is the only authority for placing a school district in receivership and the petitioners today jointly request that the State Board of Education enter an order substantially in the form agreed to by both parties

Mr. Matthew Wright, Legal Counsel for Colorado City Unified School District, noted that Mr. Goddard has accurately stated the terms of the agreement and emphasized that the District has entered into this agreement to avoid expenditure of public funds on the issue and to insure the continuity of educational services to the students of the District.

Further discussion ensued with the following questions/responses:

Dr. Pedicone: Why is there specific mention of consulting services included in paragraph 10 of the Agreement which seems to result in a bad relationship continuing without condition (the consulting services of Tina Norton).

Mr Wright: Ms. Norton was brought on by the self insurance coverage carrier to attempt to correct some of the financial issues at the District and her services have been very helpful. Today, in fact, the District is operating in the black and the point in having her there is to make sure there is continuity between the time the receiver is appointed until the time a plan is actually in place. There is a gap of time between the two timeframes and this will make sure things are monitored properly in the interim.

Dr. Pedicone: What happens in the event the receiver does not want to continue using these services?

Mr. Wright: Doesn't see a problem since the infrastructure is there to write checks until a receiver is appointed and it can go on smoothly and hopefully be out of receivership in the very near future.

Dr. Diethelm: If the receiver should choose to use a different consultant rather than Ms. Norton, is that acceptable?

Mr. Wright: Yes, that is acceptable.

Dr. Pedicone: It should be made clear in the document that the receiver can make these decisions.

Mr. Wright: No objection to having this in the Order but emphasized that a plan must be made by Simon Consulting to be approved by this Board. If Simon Consulting wants a different person other than Tina Norton to assist, that would be fine and would be within the State Board's purview and power to approve as part of the plan which will come before the Board. Should look at Tina Norton, at this time, as an interim placement to monitor what is going on until the plan is approved.

Dr. Pedicone: Don't want to handicap in any way the receiver from doing its work.

Mr. Wright: Don't think it would because the State Board must approve the plan.

Dr. Diethelm: Clarified that paragraph 8 states that the receiver may extend this requirement at its discretion.

Dr. Nicodemus: Period of time between the State Board's approval and the plan brought by the receiver, who operates and acts as the Superintendent, given the Superintendent's resignation effective December 31, 2005?

Mr. Wright:

- Tina Norton will immediately start consulting with Simon Consulting
- Leave the current operations as status quo as much as possible which is operating in the black at the present time
- Give the receiver time to formulate the plan and get the plan instituted
- The full receivership will then be in place

Dr. Nicodemus: Ms. Norton would have day-to-day oversight in the same manner as a superintendent?

Mr. Wright: Not in that kind of manner. In paragraph 6, the receiver's power and authority duty shall be effective immediately, a clause that was put in to override some of the ambiguity placed in the statute. Simon Consulting can begin immediately if it is determined that Simon Consulting needs to act as the superintendent or provide someone to fill that position, he can do so immediately.

Mr. Goddard: If the State Board appoints a receiver today, the receiver will take immediate financial control of the district and there isn't an interim. The receiver will have to prepare and submit a plan to the State Board in 120 days for approval but the receiver is encouraged to submit the plan much quicker than that. The receiver also has the day-to-day operations. Ms. Norton, the Assistant Business Manager would continue to provide continuity for the school district as Simon Consulting gets up to speed.

Ms. Mendoza: Paragraph 8 states that the petitioners agree to not pursue suspension, revocation, or non-renewal of Alvin Barlow's Arizona teaching and administrative certificates for a period of three years as long as he is not working in a capacity for any school or charter school that requires certification. Does this not preclude the fact that he could work as an outside contractor?

Mr. Goddard: That is true.

Ms. Hilde: Will Simon Consulting have someone who also oversees the educational responsibilities of the district as well as the financial?

Mr. Wright: Simon Consulting has the ability with provision so stating that he can put someone in place if it is deemed necessary. The Attorney General's effort, as I understand it, is to get the receiver's plan in place immediately. We believe there is enough current staff there now to keep things functioning properly until such time the plan is approved, which may or may not need a superintendent.

Mr. Goddard: The school board, for purposes of education policy, is still operating as policy directors with 3 members.

Ms. Hilde: In the past when districts overspent their budget they were required to pay the deficit back in a very short timeframe, sometimes two years. Even though Colorado City is operating in the black currently, media has reported that the district is approximately \$2M in the red. Is there an expectation above and beyond this agreement to reimburse the overspending?

Mr. Wright: The amount of debt is about \$800,000 and the district needs more time to make up the cash deficit. Some of these issues have to do with timing, i.e. families with state aid, federal aid coming in, etc.

Ms. Susan Segal, Assistant Attorney General: November 22, 2005 Auditor General's report for the '04 fiscal year issued a 90-day letter. The 90-day letter is not covered in this agreement, but will proceed with the consulting firm.

Ms. Owen: With a 3-member board, could the county superintendent assist?

Ms. Segal: Mr. Mike File, County Superintendent, plans to go forward in assisting to find people to

serve.

Dr. Nicodemus: How many school board members are required to continue operating?

Ms. Segal: Provision in law is a quorum of the 5 members and with 3, 2 of the 3 can keep the district functioning. The Attorney General's handbook provides that if everyone is disqualified except for one, the district can still function. The hope is that this will not happen because it would disenfranchise all the assistance of the Colorado City school district.

Dr. Pedicone: The State Board needs to receive information regarding the educational and financial plans.

Mr. Goddard: The provision calls for quarterly reports from the receiver and the State Board can ask for any other information as well. It is understood that the receiver would be involved on the education side as well as the financial side.

Ms. Segal: Inclusion of teachers was not specifically referenced, although some of the teachers were prepared to testify. However, we have been in touch with enough of those involved in the education component we are assured at least for this month, until the plan is in place, that there will be a continuum. There will be some benefit in December due to the winter recess so the education process can continue and improve possibly.

Mr. Wright: I agree with that comment.

Dr. Pedicone: Asked for a report regarding the educational program at the beginning or early into the next semester.

Dr. Diethelm: Include this as part of the ongoing report that will be coming to the State Board to see that the education process is going well.

Ms. Mangiapane: Some concerns that are being raised will be covered by the statutory authority and the responsibility for oversight by the State Board. The State Board will be working with the receiver and during the process when the plan is presented the receiver will have immediate authority to take care of some of these issues and investigate to prepare a plan. The State Board will have an ongoing dialogue to make sure all needed information is given. Authority provided in statute and in the agreement itself encompasses this type of information and the receiver can be directed by the State Board to provide needed information.

Dr. Diethelm: Recommended a brief summary of the educational operation be presented at the January 2006 meeting.

Mr. Goddard: Paragraph 14 deals with the nature of the required reporting and this request can be inserted at this point.

Mr. Wright: I agree.

Mr. Ary: Concerned about the influence of those involved along the way and it is incumbent that there is serious oversight for the next months.

Motion by Ms. Hilde to approve the proposed Consent Agreement as modified and place the Colorado City Unified School District in receivership pursuant to A.R.S. § 15-103 and authorize Dr. Matthew Diethelm as President to sign the Consent Order on behalf of the State Board of Education. Seconded by Dr. Nicodemus. *Motion passes. Ms. Mendoza voted no.*

Dr. Diethelm: Request Mr. Yanez, the Attorney General and the representative of Colorado City Unified School District to insure, in the copy to be signed, that the comments relative to educational status as well as the financial status of the district be included.

B Presentation, Discussion and Consideration to Accept the Recommendations of the Professional Practices Advisory Committee and Deny Certification for the Following Individuals:

1. Humphrey Umuolo, Case # C-2005-022 R

Ms. Rachell Tucker, Chief Investigator, Investigative Unit, State Board of Education, presented the background information as provided in the materials packet.

Motion by Ms. Hilde to approve the findings of fact, conclusions and recommendation of the PPAC and deny certification for Humphrey Umuolo. Seconded by Dr. Pedicone. *Motion passes.*

C. Presentation, Discussion and Consideration to Approve Proposed Modification to AZ LEARNS School Classification Formula Relating to Highly Performing and Excelling Schools

Dr. Robert Franciosi, Deputy Associate Superintendent, Research and Evaluation Section, Arizona Department of Education, presented the information provided in the materials packet, noting that this is a minor modification which was identified recently by the advisory group. Dr. Franciosi explained that in cases where schools have maxed out in terms of their status measure, growth beyond this point is unreasonable, and the growth measures in some cases are mathematically impossible. He noted that the present formula penalizes the schools in this situation, making the formula adjustment necessary.

Mr. John Croteau, Principal, Sunnyslope High School, stated that they have worked very hard setting high expectations and standards with a very diverse school population and that they take AZ LEARNS very seriously. He noted that today's vote is very important to their school.

Dr. Nicodemus asked for clarification regarding the indication that this formula will be evaluated on an annual basis and that there may be modifications. Dr. Franciosi responded that they expect some significant modifications this year as schools are in a transition phase. He noted that new testing standards and the data are becoming more sophisticated in terms of measuring school performance than has been done in the past. He also indicated that schools/districts are aware of the ongoing changes as the Research and Evaluation personnel are traveling statewide to give training sessions in this matter.

Dr. Nicodemus asked for clarification regarding the basis for an appeal and Dr. Franciosi explained that an appeal can be based on:

- Statistical errors in data
- Mitigating factors at the school causing students not to be able to perform well

Ms. Mendoza noted that the State Board can be responsive regarding a changing formula and that the substance and data that go into making decisions should be clear. Dr. Franciosi stated that they hope to make the transitions go smoothly and that they will make every effort to be transparent and keep the public informed.

Ms. Hilde noted that the public doesn't always understand the shift in numbers and data. She added that schools that have 91% of their students testing are looking at the 9% who are not yet making AYP. She asked if they looked at any kind of percentages moving up of those "falling far below" and those who are "approaching" in determining an excellent school. Dr. Franciosi noted that the formula accounts for a school's ability to move everybody into a performing level.

Dr. Diethelm asked how to encourage schools to get to 90% and 100%? Superintendent Horne noted that under NCLB we are scheduled to hit 100% in 2014 and each 3-year period of modifications and meeting objectives we are getting closer to 100%.

Dr. Pedicone noted that schools that reach this level are not doing so because there is a mandate but because they are doing things right and will continue in that direction. He noted that we will see further efforts being made.

Motion by Dr. Nicodemus to approve the proposed modifications to the AZ LEARNS school classification formula as presented. Seconded by Mr. Ary. *Motion passes.*

D. Presentation, Discussion and Consideration of Whether the Following Schools are In Breach of One or More Provisions of Their Charter Contracts, or Federal, State or Local Laws. If the Board Determines that a Breach has Occurred the Board May Take Action as it Deems Appropriate, Which may include, but is Not Limited to,

Withholding up to 10% of the Monthly Apportionment of State Aid and Requiring a Corrective Action Plan.

Regarding Timeframes for Submittal of Annual Financial Audits
In Accordance with A.R.S. § 15-183 (E)(6):

1. Academy of Excellence, Inc.
2. Arizona Academy of Science and Technology
3. Daisy Education Corporation
4. Dragonfleye Science, Inc.
5. Florence Crittenton Services of Arizona, Inc.
6. New Visions Academy, Inc.
7. Terra Nova Academy

Regarding Submittal of Annual Financial Reports In Accordance With
A.R.S. § 15-183 (E)(6):

1. Developing Innovations in Navajo Education
2. Terra Nova Academy

Ms. Michelle Diamond, Legal Counsel, Arizona State Board for Charter Schools, stated that most of the schools on the above lists have now submitted the required reports and the list should be modified to show only Terra Nova Academy as failing to timely submit the annual financial audit. Ms. Diamond presented the background information as provided in the materials packet.

Ms. Basha noted that some of the schools on the list are recurring and wondered if the schools needed additional technical assistance to move along in this process or other means to assist them in meeting the report deadlines.

Ms. Diamond responded that audit guidelines are published every year which include a web site where further guidance and the deadlines for the reports can be accessed. Ms. Diamond assured the Board that the majority of schools have submitted the required audits on time and added that Terra Nova Academy was on time last year.

Motion by Ms. Hilde to determine that Terra Nova Academy is out of compliance with A.R.S. § 15-183 (E) (6) for reasons indicated and to direct the Superintendent of Public Instruction to withhold 10% of state funds from the school until the Charter Board reports that the school is in compliance. Seconded by Ms. Mendoza. *Motion passes.*

- E. Presentation, Discussion and Consideration to Determine Non-Compliance with the USFR for Failing to Correct Deficiencies and to Withhold State Funds Pursuant to A.R.S. § 15-272(B) from the Eloy Elementary School District No. 11

Mr. Chad Sampson, Assistant Attorney General, presented the background information as provided in the materials packet noting that Eloy ESD has been out of compliance since April 21, 2005.

Ms. Linda Good, Deputy County Attorney, Pinal County Attorney's Office, and attorney for Eloy ESD for approximately 12 years, noted the following:

- Progress is being made by the new superintendent, Ms. Ruby James
- The governing board was aware of some failures to comply
- The governing board was not aware that the 90-day letter had been issued or that there was failure to comply with the follow-up review
 - The governing board learned of this in October 2005
- They do not believe there was anything other than an oversight
- The superintendent was the only district-level administrator and had shortened work hours due to health problems and failed to oversee operations
- The superintendent then retired and a new superintendent was hired

- New superintendent is determined to bring the district into compliance and is making great strides to this end
- The Business Manager is no longer with the district
 - This will provide opportunity for quicker changes
 - Payroll processing weaknesses are being addressed
- The governing board fully supports Ms. James
- The issue regarding the gift of public funds is believed to be lack of documentation rather than inappropriate expenditures
 - Further training will be given to governing board members regarding use of public funds
 - Will cause board members to carefully consider expenditures
 - Will provide a paper trail for audit purposes
- They are continually working on correcting weaknesses

Ms. Good asked the State Board to exercise discretion allowed in A.R.S. § 15-272 and not withhold funds, but rather postpone this decision until the Auditor General has performed its audit. Ms. James noted that there are approximately 1200 students in the district, 4 school sites and 3 principals. Ms. James clarified that the gift expenditure question was regarding some flowers purchased and that this will be addressed in the training that is planned.

Further discussion ensued to clarify the process that is followed by the Auditor General, Attorney General and the State Board in addressing these issues as well as the options the State Board has regarding its decision which includes withholding an amount determined by the Board or tabling the issue awaiting a follow-up report. Mr. Sampson explained that if the item is tabled, the burden is placed back on the Auditor General, but the purpose of this statute is to put pressure on the district to come into compliance.

Motion by Ms. Hilde to determine that the district is out of compliance with the USFR based on the Auditor General's report and to direct the Superintendent of Public Instruction to withhold 5% of state funds from the district until the Auditor General reports that the district is in compliance with the USFR. Seconded by Ms. Mendoza. *Motion passes. Dr. Pedicone and Ms. Owen voted no.* Ms. Hilde explained that her motion is based on the fact that this school district has not been before the Board several times in the last few years, but rather an initial withholding. She added that she would rather ask for a 5% withholding at this time and cautioned the district representatives that the State Board is not nearly as flexible if it comes back to the Board again. Ms. James added that the district is hiring a new business manager and in the time lapsed between the resignation of the previous business manager and hiring a new business manager, the cash balances have not been reconciled with the County School Superintendent's Office.

Dr. Pedicone noted that the State Board wants to assist as much as it can and must also consider the burden on the Auditor General. He added that he could not support this motion due to the extenuating circumstances and that he needs to support reasonable recommendations.

Dr. Nicodemus asked why all members of the district governing board are not notified of these situations rather than just the president of the board.

Mr. Sampson noted that he will take this question to the Auditor General and they will work on getting the 90-day letter sent to each of the governing board members.

F. Presentation and Discussion of Final Results of Report Conducted Pursuant to Chapter 304, Forty-seventh Legislature, First Regular Session, 2005 (SB1038) Relating to AIMS

Dr. David Garcia, Assistant Professor, Arizona State University, presented the required report results which looked at similar states with similar standards regarding high school exit exams. Dr. Garcia noted that they looked at the 10 most effective school systems, as per the materials

provided in the packet, and stated that there is not enough information to warrant changes in AIMS.

Dr. Diethelm noted that the raw score for proficiency in Massachusetts is approximately 55% and Arizona's standards were set at approximately 60%, giving an indication that Arizona is in the same ball park as other states.

Superintendent Horne clarified that some states have high stakes tests but no alternative pathways and added that further information would require an in-depth study but Legislature did not allocate funds for this. Mr. Horne noted that Dr. Garcia did not charge for doing the report presented today but that additional monies would be needed for more in-depth studies.

Dr. Garcia noted that based on the language used in legislation, the State Board could make its determination on the study results provided. He added that the key is the method students are able to demonstrate proficiency.

Dr. Pedicone recapped by stating that the ten top states were selected, but only two of them had high stakes tests at the high school level and both of these states have some kind of an alternative pathway and have different standards to graduate.

Dr. Garcia responded that the difficulty levels of standards were consistent but that the key is the methods by which students are able to demonstrate proficiency.

Dr. Pedicone asked if the following questions can be addressed in future analyses:

- Statistical significance
- Demographics state-by-state
- How do states not requiring high stakes testing score high on NAEP
- Are we on the right track

Dr. Diethelm suggested that the report be submitted to the Legislature with recommendations on what specific forms of research could be most helpful in advancing our understanding in the efficiency of our own process.

Mr. Yanez noted that the report and recommendations could be put together for the January 23, 2006 State Board meeting, which are due to the legislature by January 31, 2006.

Dr. Nicodemus noted that this could convey the State Board's pro-active position and establish the role the State Board may play in preparing the legislation.

G. Presentation and Discussion Regarding Implementation Plan for Summer Administrations of AIMS

Ms. Roberta Alley, Deputy Associate Superintendent, Assessment Division, Arizona Department of Education, presented the item as per the materials in the packet. Ms. Alley noted that this plan will offer testing in mid-July over a three-day period and will be administered by ADE staff. She noted that locations will be determined after a review has been made of the areas of need. She added that there will be a minimum of five sites throughout the state with an effort to keep traveling at a minimum for students.

Ms. Mendoza mentioned that communication is key so students are aware of this opportunity and Superintendent Horne noted that this will be announced at the Superintendents' Advisory meeting and to the public.

Ms. Hilde asked about the impact on the contract and Ms. Alley responded that they are looking for a low-cost way of carrying this out. Regarding whether the State Board has to approve the locations, Ms. Ruth Solomon, Associate Superintendent for Education Policy, Arizona Department of Education, noted that this is not a new test but rather the same test administered another time, extending the State Board of Education's practice. She added that before any addendum or amendment is agreed to with the testing company, it would have to be taken to the Joint Legislative Budget Committee (JLBC), but their approval is not required.

Further discussion ensued and the following facts were pointed out by Ms. Alley:

- Since school IDs can be altered an acceptable form of a picture ID will be determined

- The request for a summer administration of AIMS came from multiple sources including advisory groups, telephone conversations, and communications with teachers, administrators and counselors in the field
- Students will get their scores within 30 days in order to be able to register for college
- The number of students this may affect can range from 100 to 1000-2000
 - District input will help determine the total number of students to be affected
 - Sites will be selected to minimize traveling

H. Presentation, Discussion and Consideration to Approve Proposed Modifications to the Required Format for Posting AIMS Scores on High School Transcripts Pursuant to A.R.S. § 15-15-743 (F)

Ms. Roberta Alley, Deputy Associate Superintendent, Assessment Division, Arizona Department of Education, presented the background and plan as provided in the materials packet, noting that it would be helpful if students have this information on their transcripts when they transfer. In addition, the request is that this posting be done after the first administration of AIMS as a sophomore.

In the ensuing discussions the following were noted:

- There will not be an indication on a transcript that a student has not taken AIMS because they have an IEP, but rather there will be double asterisks that could indicate an alternate criteria was used:
 - Reciprocity
 - Augmentation
 - 504 or a Special Education waiver
- Motivation is for the student and for the teacher equally
- District staff time will be needed to add this information to each transcript
- Each vendor working within the state has different methods/formats so each district's transcripts will follow its vendor's format
- Having the score on the transcript can facilitate such things as scholarships and any other university-related acceptances, etc., and should be something to be proud of
- There may be further confusion with the double asterisks and further input from the field in this regard was recommended by Dr. Pedicone before it is voted on
- Can be brought to the state superintendents at their January 11, 2006 meeting
- Scale score can be added but must be differentiated from previous years' scores
- The need for the score is understood but there also has to be an understanding that scores/categories, etc., may change as the system progresses

Mr. Yanez pointed out that this item was presented to the Board several months ago to discuss the format and possible changes and that today's proposal incorporates all changes and requires Board action.

Mr. Andrew Morrill, Vice President, Arizona Education Association, asked members to consider the purpose of transcripts, who will see them, and how they will be used. He added that the suggested format does not serve well and cautioned the Board that AIMS continues to be the subject of study.

Dr. Diethelm suggested that time be allotted for public input and that this item be brought back to the Board in January for action.

Ms. Alley noted that A.R.S. § 15-743 requires that this information be recorded on students' transcripts after 12th grade.

Mr. Yanez read from the statute noted below:

F. Each pupil's Arizona instrument to measure standards test results for grade

twelve shall be recorded on the pupil's high school transcript. The state board of education shall prescribe the format for recording Arizona instrument to measure standards test results on high school transcripts.

Mr. Yanez noted that this statute requires the result to be on the transcript but the Board has room for discussion regarding the results for grades 10 and 11.

In response to Mr. Morrill, Superintendent Horne asked if we wanted to encourage and recognize excellence or whether we want to level things down. In addition, Mr. Horne cited some studies which have indicated that once AIMS became high stakes in 2000 it was a better prediction of students' performance in college that year than was the SAT or ACT. Therefore, Mr. Horne noted, it has done well in all the studies regarding its validity.

Motion by Ms. Hilde to table the issue of posting the AIMS scores on high school transcripts until the January 2006 State Board of Education meeting. Seconded by Mr. Ary. *Motion passes.*

The Board broke for lunch at 12:30 PM and reconvened at 1:40 PM.

I. Presentation and Discussion Regarding Proposed Modification to Board Policy Relating to Costs for the Administration, Scoring and Reporting of Student Assessments Administered to Bureau of Indian Affairs Students

Ms. Roberta Alley, Deputy Associate Superintendent, Assessment Division, Arizona Department of Education, presented the background information as provided in the materials packet. Ms. Alley noted the following:

- 1000+ BIA students per grade level will be tested to meet NCLB guidelines
- Approximately 54-55 schools are BIA funded/controlled
 - Some other schools receive funding from BIA
 - Home schooled students often participate in testing via their county superintendent or go to local district schools
 - Some private schools have requested to test but are not charged

J. Presentation and Discussion Regarding AIMS Reciprocity as Prescribed in A.R.S. § 15-701.01 (A)

Ms. Roberta Alley, Deputy Associate Superintendent, Assessment Division, Arizona Department of Education, presented the background information provided in the materials packet, noting that this had become an issue in several districts with military bases where students move in throughout the year and may not have opportunities to take AIMS. Ms. Alley stated that they are proposing that we look at all states with a graduation requirement which meets NCLB and accept that test as a reciprocity. She added that some states do not have a competency requirement for graduation and other states have two tests: one for NCLB and one for high school competency. The Department's list includes those schools that are using the requirements to meet NCLB. She added that the list will change over time as requirements change; therefore, approval is requested for the procedure only.

Dr. Pedicone asked about the scenario when a student comes from a school where an exit test or performance test of some kind is not required. Ms. Alley responded that all 50 states have tests, per NCLB, as well as some other territories that have test requirements to demonstrate academic standards. She also added that if a student moves away and then comes back after passing a test in another state, the student and/or parent will be responsible for providing the documentation.

Ms. Hilde requested that a records transfer form be developed to be used statewide insuring that all the necessary questions are asked each time and nothing is omitted in the process. Mr. Alley responded that they can suggest language to be added to existing forms already used by schools that would include all required information.

K. Presentation and Discussion Regarding the AIMS Dropout Prevention Grants as Prescribed in A.R.S. § 15-809

Ms. Margaret Garcia Dugan, Deputy Superintendent of Public Instruction, Arizona Department of Education, presented the background information noting that the first round of applications is completed as noted in the list provided in the materials packet. Ms. Garcia Dugan noted that there is a fund alert through grants management posted on the web site with an application due date of December 23, 2005 with the hope of awarding the additional available monies.

In response to Dr. Nicodemus, Ms. Garcia Dugan explained that the monies awarded to Northern Arizona University provide funding for the Gear-Up project.

L. Update Regarding State Intervention Plans for Eleven Schools that Failed to Meet Academic Standards as a Result of the Spring 2004 AIMS Test Administration

Ms. Phyllis Schwartz, Associate Superintendent, School Effectiveness Division, Arizona Department of Education, explained that State Intervention was moved to the School Effectiveness Division from the Accountability Division at the time that Dr. Donna Lewis left the Department. Ms. Schwartz noted that this is a great match as there is a great deal of planning and collaboration between the School Improvement Section and the Intervention Section.

Ms. Tommie Miel, Education Program Administrator, State Intervention Section, Arizona Department of Education, with Mr. Steve Salomone, Director for State Intervention for AZ LEARNS, Arizona Department of Education, presented the background information and process being used to monitor the progress and steps being taken toward implementation of the schools' prescribed intervention.

In response to Ms. Hilde's question, Ms. Miel noted that this is a two-year commitment to the program to insure improvements are sustainable and that in most cases the superintendent supports the process and attends the meetings. She added that the superintendents are always copied on all correspondence with the schools, as well. Dr. Diethelm suggested that all correspondence should also be copied to all district governing board members.

Ms. Mendoza asked if the communities are buying into these plans and Ms. Miel responded that parent satisfaction surveys are provided in the reports and district governing boards are urged to share these results in their public meetings and in their newsletters to parents.

Mr. Ary asked if there is a reservoir of personnel when schools require assistance and Ms. Miel noted that two people responded to an RFQ and were awarded a grant to work with four school districts:

- Gila Bend, where the work is now completed and the person will be paid
- Conchos
- Duncan
- Van Buskirk

The coaches work with the districts providing recommendations for curriculum alignment and benchmark improvements.

M. Presentation, Discussion and Consideration to Approve the Initiation of the Rulemaking Process Regarding Amendments to Board Rule R7-2-307. The Board May Take Action to Schedule a Public Hearing on the Proposed Rules

Ms. Karen Liersch, Deputy Associate Superintendent, Adult Education Services, Arizona Department of Education, presented the background information provided in the materials packet noting that the amendments would grant a diploma to those who pass the GED, which entails 8 hours of testing in the following areas:

- Reading
- Writing
- Math

- Science
- Social Studies

The passing score is set so that 40% of high school graduating seniors failed the test. Last year 15,000 candidates took the test in Arizona and 10,000 passed, of which 43% were under the age of 22.

Ms. Liersch noted the requested amendments as follows:

- Eliminate language concerning the six-month waiting list
- Incorporate HB 2051 allowing the State Board of Education to establish and collect fees for the issuance and re-issuance of a High School Equivalency Diploma and Transcript
 - The Department has reduced the cost and improved customer service
 - This would allow the Department to utilize monies designated for Adult Education for its intended purposes rather than underwrite the costs of the GED program
 - It is recommended that a limit of \$20 be set on the fee
 - Students will be able to request a waiver if the fee is prohibitive

Motion by Ms. Mendoza to initiate the rulemaking process regarding proposed rules R7-2-307 and to schedule a public hearing at a time to be determined by the Board's executive director.

Seconded by Ms. Kramer. *Motion passes.*

- N. Presentation, Discussion and Consideration to Approve the Initiation of the Rulemaking Process Regarding Amendments to Board Rules R7-2-308 and R7-2-612. The Board May Take Action to Schedule a Public Hearing on the Proposed Rules

Ms. Karen Liersch, Deputy Associate Superintendent, Adult Education Services, Arizona Department of Education, presented the revisions as provided in the materials packet. Ms. Liersch noted that the Department administers adult education defined as Adult Literacy Education preparing people to read, acquire education sufficient to the equivalency of a high school education and for immigrants to acquire English reading, writing, speaking and listening skills. She noted that most of the proposed changes will:

- Revise the language to reflect the Workforce Investment Act
 - This funds $\frac{2}{3}$ of Arizona's adult education programs
- Updates and clarifies the language
- Fees can be charged as long as they don't keep people from attending

Dr. Diethelm clarified that the amendments are to R7-2-308 and the changes to R7-2-612 are nomenclature only, changing to English as a Second Other Language. There will be no changes in the certification process.

Dr. Nicodemus noted that she had not received feedback from other community college colleagues but some had indicated that they were happy to be able to assist in these services.

Regarding Item C, Ms. Liersch explained that the language is being condensed to align with previous legislation and that programs could be eliminated if not successful and technical assistance will be provided. It was also noted that federal and state monies fund this effort. Ms. Liersch noted that they have been successful to date in staving off funding cuts as there are many adults in Arizona without diplomas. Ms. Hilde asked that the changes/modifications be made prior to the public hearing.

Motion by Dr. Pedicone to initiate the rulemaking process regarding proposed rules R7-2-308 and R7-2-612 to include reordering the items and to schedule a public hearing at a time to be determined by the Board's executive director Seconded by Mr. Ary. *Motion passes.*

- O. Presentation, Discussion and Consideration to Approve the Initiation of the Rulemaking Process Regarding Proposed Board Rules R7-2-1116 and R7-2-

1116.01, Relating to Alternative Project Delivery Methods. The Board May Take Action to Schedule a Public Hearing on the Proposed Rules

Mr. Vince Yanez, Executive Director, State Board of Education, presented the background information noting that the timeline for this rule lapsed this year. He noted that a draft proposal was presented in February 2005, public comment was received and then new legislation affected the process. He added that the public comment received previously has been included in the draft presented today. Mr. Yanez stated that multiple inquiries have been received in this regard and the process needs to begin.

Ms. Hilde asked if changes could be made before the public hearings are held and Mr. Yanez indicated that comments have been included from two hearings held last year, but to insure accuracy, the preference is to initiate the public dialogue again.

Motion by Ms. Owen to initiate the rulemaking process regarding proposed rules R7-2-1116 and R7-2-1116.01 and to schedule a public hearing at a time to be determined by the Board's executive director. Seconded by Ms. Mendoza. *Motion passes.*

P. Status Report Regarding Implementation of the Failing Schools Tutoring Fund Relating to Services Provided to High School Students that Failed to Pass One or More Sections of the HS AIMS. The Board May Amend Program Policies Based upon Information Reported

Ms. Debby Francis, Education Program Specialist, Title I/State Tutoring Coordinator, Arizona Department of Education, presented the background information as provided in the materials packet. Ms. Francis provided a summary of the program results and survey to date, which are included in the packet, and noted that the system will be re-opened for those applicants who did not complete the process previously. In addition, Ms. Francis read a few of the comments received in the survey which included:

- Did not participate because of the requirement to pay back funds if improvement is not met
- Absolute paperwork burden
- Inability to receive parent-signed contract back from students
- Too short to get everything in place
- Almost appears that the state imposes such requirements in hopes that teachers will not turn in hours for payment
- Coordinator spent four weeks coordinating this program
- Stop the continued mandate of excess accountability for schools that are showing progress
- Staff really turned off on tutoring by these requirements
- Could not get students to commit to staying longer after school
- High school teachers already participate in a tutoring program at school
- Asking for fees to be returned is a professional slap in the face
- Teachers need to be paid more to get them involved

In further discussion the following points were made:

- There is a need for a reduction in paperwork and length of contract agreement
 - Timeline is too short
- The allocation should be raised to \$450
- Ask the Legislature to streamline the language
- There is a need for more creativity and flexibility as this program is not working
 - Could districts submit guidelines/concepts developed by each district that the Department could approve with the condition that there has to be improvement
- This was protested at the Legislature last year and ADE could use lobbying assistance in this matter
- Could allow contract to be verified by initials and not have a parent signature

- Will request Legislature for appropriation for new study guides next year that are customized to the new test
 - Meantime approximately 20,000 students have failed AIMS
- Need to work on re-designing this program as it is not working
- Many students can't stay after school; can something be done during the school day
- Some students are motivated but don't have the means
- Need to market to kids and not to tutors
 - Use technology
 - See what the Governor used to promote Pre-K program and use a similarly aggressive approach
- The Department is open to ideas
- Can't solve a problem that is already lousy and now it needs to be re-designed
 - What are the warranties that could be built into the program
- Study guides are available online but the process is where the fault is
- Survey is a compelling case to report to the Legislature as there is now information to substantiate the results
- Need to re-design and not keep trying to sell the old one that doesn't work well
- Some superintendents have asked for the funding to assist them in putting together a plan that works best for their district
 - There is frustration in the field and some feel hindered by the present tutoring program parameters

Dr. Diethelm summarized that members may want to approve some changes, raise funding allocations and suggest some re-designing to the Legislature, which could be discussed via a telephone conference at a later date. Dr. Pedicone added that changes need to be re-analyzed allowing room for improvement within the confines of the law.

Superintendent Horne noted that these efforts need to be made between now and January 1, 2006 and Ms. Hilde asked that recommendations be sent via email with a follow-up teleconference meeting to consider the recommendations. Mr. Yanez reminded members that the new round is scheduled for January 3, 2006.

Dr. Pedicone, Ms. Mendoza and Ms. Kramer left at approximately 3:15 PM.

Q. Presentation, Discussion and Possible Consideration to Approve Proposed Operating Principles and Belief Statements for the State Board of Education

Ms. JoAnne Hilde, Vice President, noted that this kind of Belief Statement requires the vote of everyone and requested that this item be continued until January. Ms. Hilde explained that these statements are built around children, the kind of educators we expect children to have, a standard-based curriculum, policy decisions and actions of the Board, and a defined separation of responsibility between the elected State Superintendent of Public Instruction and the appointed State Board of Education members. She added that each must fulfill their responsibility while maintaining open and ongoing dialogue with the other. Ms. Hilde asked if a final draft could be brought to the Board for consideration in January in order to refine the language and insure there is more than just a majority of the members voting.

Dr. Diethelm commented that this is an excellent set of principles and that the new members joining in January should be included in this process.

Motion by Ms. Hilde to table this item until the January 2006 meeting. Seconded by Mr. Ary.
Motion passes.

7. ADJOURN

Motion by Ms. Hilde to adjourn. Seconded by Dr. Nicodemus. *Motion passes.*

Meeting adjourned at 3:42PM.